

Message Text

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SUBJECT: CHECKLIST FOR AMERICAN BUSINESS VIITORS: KUWAIT

REF: STATE A-855, FEBRUARY 10, 1975

1. BELOW ARE OUR SUGGESTED COMMENTS ON KUWAIT TO BE INCLUDED
IN PROPOSED CHECKLIST AS DESCRIBED REFAIR WHICH WE RECEIVED
ONLY FEW DAYS BEFORE FEBRUARY 28 DEADLINE. POST BELIEVES
DRAFT GENERAL CHECKLIST WELL-DONE AND ALMOST COMPLETELY APPLICABLE
TO KUWAIT. FOLLOWING POINTS, WE BELIEVE, DESERVE SPECIAL MENTION.

2. SURPLUS FUNDS LOOKING FOR OUTLETS: COMBINATION OF KUWAIT'S
SMALL SIZE AND VERY LARGE INCOME TOGETHER WITH A HIGHLY DEVELOPED
ENTREPRENURIAL INSTINCT MEANS THAT KUWAITIS CONSTANTLY CONSIDERING
INVESTMENT PROSPECTS OUTSIDE COUNTRY, ESPECIALLY ELSEWHERE
IN ARAB WORLD. THEY PARTICULARLY INTERESTED IN COMMERCIAL AND
INDUSTRIAL PROPOSALS THAT OFFER EQUITY, AND IN GENERAL ARE
WILLING CONSIDER SERIOUS PROPOSALS FOR JOINT VENTURES ALMOST
ANYWHERE. BUSINESSMEN WITH AT LEAST OUTLINE OF SERIOUS,
POTENTIALLY PROFITABLE PROPOSAL CAN EXPECT SERIOUS HEARING.

3. COMPLY WITH GOK PROCEDURES: GOK DOMINATES ECONOMIC ACTIVITY
HERE, AND GOVERNMENT PROJECTS ARE ONES OF MOST INTEREST TO
FOREIGN BUSINESSMEN. OVER THE YEARS HIGHLY STRUCTURED MANNER
FOR AWARDED GOK CONTRACTS HAS BEEN DEVISED. BECAUSE OF INTENSE
COMPETITION AMONG INTERNATIONAL FIRMS HOPING TO CAPTURE CONTRACTS,
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THEY WILLING MEET GOK'S TERMS. THEREFORE, US FIRMS WISHING TO DO

BUSINESS HERE SHOULD BE PREPARED TO ADAPT AS WELL. MOREOVER, FOREIGN COMPANIES WILLING MEET GOK HALF-WAY MAY FIND SYSTEM MORE FLEXIBLE THAN MAY SEEM TO BE CASE AT FIRST.

4. COMPETITION FOR CONSUMER PRODUCT SALES STRONG: KUWAIT AS A MARKET FOR CONSUMER GOODS IS SOMEWHAT CONTRADICTORY. AFFLUENCE, VIRTUALLY FREE TRADE, AND AN ALMOST UTTER DEPENDENCE ON IMPORTS MAKES THE COUNTRY ATTRACTIVE TO FIRMS SELLING CONSUMER GOODS. IN FACT, KUWAIT IS BECOMING AN INCREASINGLY SOPHISTICATED MARKET FOR MANY GOODS, AND KUWAITIS ARE BECOMING MORE STYLE AND QUALITY CONSCIOUS THAN IN THE PAST. IT IS A SMALL MARKET, HOWEVER, WITH A POPULATION OF LESS THAN A MILLION. THIS LEADS TO A HIGHLY COMPETITIVE ENVIRONMENT. WE ADVISE, THEREFORE, THAT COMPANIES CONSIDER VIEWING KUWAIT AS A PART OF A LARGER GULF AREA MARKET AND THAT THEY BE PREPARED TO MOUNT AN AGGRESSIVE CAMPAIGN TO MEET THE KEEN COMPETITION THAT EXISTS HERE. THIS REQUIRES CLOSE ATTENTION TO THE SELECTION OF A GOOD AGENT, FLEXIBILITY IN PRICING AND EMPHASIS ON SERVICE.

5. ALLOW SUFFICIENT TIME: MANY BUSINESSMEN MAKE MISTAKE OF TRYING TO SQUEEZE A SHORT STOP IN KUWAIT AS THEY PURSUE OPPORTUNITIES IN THE COUNTRY'S LARGER NEIGHBORS. ALMOST ALWAYS SUCH BUSINESSMEN LEAVE FEELING THEY SHORT-CHANGED THEMSELVES AFTER LEARNING OF THE SURPRISING NUMBER AND VARIETY OF LOCAL BUSINESSMEN AND OFFICIALS HERE WITH WHOM ONE CAN TALK PRODUCTIVELY AND OF THE DIVERSITY OF THEIR INTERESTS. BUSINESSMEN SHOULD PLAN TO STAY HERE FOR AT LEAST SEVERAL WORKING DAYS IF THEY HOPE TO ACCOMPLISH ANYTHING OTHER THAN A SUPERFICIAL, INITIAL ASSESSMENT.

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